

## Message Text

CONFIDENTIAL

PAGE 01 PARIS 33427 01 OF 02 152314Z  
ACTION EB-08

INFO OCT-01 EUR-12 EA-10 IO-13 ISO-00 AGRE-00 CEA-01  
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05  
L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 SS-15  
STR-05 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01  
FEA-01 STRE-00 CTME-00 /111 W  
-----004045 152347Z /72

R 152048Z NOV 77  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC 1730  
INFO ALL EC CAPITALS  
AMEMBASSY TOKYO  
USMISSION GENEVA

C O N F I D E N T I A L SECTION 01 OF 02 PARIS 33427

USMTN ALSO FOR MISSION

USEEC ALSO FOR EMBASSY

DEPARTMENT PASS STR ELECTRONICALLY

E.O. 11652: GDS  
TAGS: ETRD, MTN, EC, FR  
SUBJECT: MTN -- FRENCH VIEWS

REF: (A) PARIS 33067; (B) PARIS 33069

1. SUMMARY: WE INFORMED ELYSEE STAFF ECONOMIC ADVISOR, DUTET, OF AMBASSADOR MCDONALD'S PARIS DISCUSSIONS LAST WEEK. DUTET'S REACTIONS CLOSLY PARALLELED THOSE OF DE MOREL. IN PARTICULAR, HE CONTINUED TO ARGUE IN FAVOR OF A MUCH SMALLER TARIFF REDUCTION THAN WE FAVOR. WE EXPLAINED THE US RATIONALE EMPHASIZING BROAD POLICY AND POLITICAL ASPECTS. DUTET EXPRESSED HOPE ALL PARTIES WOULD AVOID "EXCESSIVE  
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PAGE 02 PARIS 33427 01 OF 02 152314Z

HARDENING OF POSITIONS." WHILE AGREEING FULLY ON NEED TO AVOID CONFRONTATIONAL ATMOSPHERE, WE LEFT HIM IN NO DOUBT ABOUT STRENGTH OF OUR VIEW ON TARIFF FORMULA.  
END SUMMARY.

2. IN COURSE OF A GENERAL DISCUSSION NOVEMBER 15 WITH ELYSEE STAFF ECONOMIC ADVISOR, DUTET, EMBASSY MINECON

TOLD HIM ABOUT AMBASSADOR MCDONALD'S BRIEF VISIT TO PARIS LAST WEEK (REFTELS). WE EMPHASIZED THE CORDIAL AND FRANK NATURE OF THE TALKS WITH PRIVATE FRENCH BUSINESS REPRESENTATIVES AND WITH DE MOREL AND HIS COLLEAGUES. WE INDICATED WE CONSIDER SUCH INFORMAL EXCHANGES VERY IMPORTANT AS A SUPPLEMENT TO NEGOTIATING CONTACTS WITH THE EC COMMISSION.

3. DUTET WAS PLEASED TO LEARN OF OUR CONTINUING BILATERAL CONTACTS. HE SUMMARIZED FRENCH THINKING ALONG LINES INDICATED IN REFTEL A. WE EMPHASIZED POINTS OF CONVERGENCE BETWEEN US AND FRENCH VIEWS; E.G. ACCEPTANCE OF TARIFF HARMONIZATION, DESIRE TO HAVE A BALANCED PACKAGE COVERING ALL ASPECTS OF THE MTN, NEED FOR ADEQUATE TRANSITIONAL ARRANGEMENTS AND POLITICAL IMPORTANCE OF HAVING ALL ELEMENTS ON THE TABLE FOR MID-JANUARY.

4. DUTET WENT OUT OF HIS WAY TO DEFEND FRENCH THINKING ON THE TARIFF FORMULA. HE MADE THE FOLLOWING ARGUMENTS: FRENCH "OPINION" WOULD NOT UNDERSTAND A 40 PERCENT CUT UNDER PRESENT ECONOMIC CONDITIONS NO MATTER HOW LONG THE TRANSITION PERIOD; A SMALLER REDUCTION WITH A SHORTER TRANSITIONAL PERIOD WOULD CONVEY AN EFFECTIVE MESSAGE TO FRENCH INDUSTRY AND EXPORTERS; DUE TO THE 60 PERCENT LIMIT IN US TRADE LAW, HARMONIZATION WOULD

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PAGE 03 PARIS 33427 01 OF 02 152314Z

BE LESS MEANINGFUL WITH A BIGGER OVERALL CUT; AND LAST BUT NOT LEAST, THE OLD POINT ABOUT THE NEED TO MAINTAIN

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PAGE 01 PARIS 33427 02 OF 02 152317Z

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C O N F I D E N T I A L SECTION 02 OF 02 PARIS 33427

SOME KIND OF COMMON TARIFF TO PRESERVE EC COHESION.  
DUTET ALSO ARGUED THAT, SINCE TARIFFS ARE OF SO LITTLE  
IMPORTANCE COMPARED TO NTMS, WE SHOULDN'T  
WORRY.

5. WE MET HIS ARGUMENTS HEAD-ON USING THE POINTS  
AMBASSADOR MCDONALD MADE WITH DE MOREL AND PAYE. WE  
PARTICULARLY STRESSED THE POLITICAL AND PSYCHOLOGICAL  
IMPORTANCE FOR THE US AND FOR THE WORLD TRADING  
COMMUNITY OF A SIZABLE CUT STAGED OVER A PERIOD OF UP  
TO TEN YEARS.

6. DUTET SAID THAT DESPITE OUR DIFFERENT VIEWS ON THIS  
MATTER, HE UNDERSTOOD OUR ARGUMENTS. HE SAID THAT  
FRANCE ACCEPTS THE POINT THAT WE MUST GO AHEAD  
PRECISELY BECAUSE CURRENT ECONOMIC CONDITIONS ARE LESS  
THAN SATISFACTORY. THE ISSUE IS ONE OF DEGREE,  
HOWEVER, AND HE BELIEVES FRANCE WILL STILL FAVOR A  
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PAGE 02 PARIS 33427 02 OF 02 152317Z

SMALLER CUT. HE HOPED THAT POSITIONS WOULD NOT  
HARDEN TO THE POINT WHERE COMPROMISE WOULD BECOME  
IMPOSSIBLE. WE REPLIED THAT THE US AGREES ON THE  
IMPORTANCE OF AVOIDING A CONFRONTATIONAL ATMOSPHERE.  
NEVERTHELESS, WE STAND BEHIND THE WORKING HYPOTHESIS  
WORKED OUT WITH THE EC COMMISSION. WE CONSIDER A  
SUBSTANTIAL TARIFF REDUCTION AN ESSENTIAL PART OF THE  
KIND OF OVERALL PACKAGE THE WORLD ECONOMY NEEDS.  
HARTMAN

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## Message Attributes

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**Channel Indicators:** n/a  
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**Disposition Date:** 22 May 2009  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009